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Warren, George

Washington

Resumption and honor

[Boston?]

[1873?]

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Signed G.W.W.  
From the Boston daily advertiser, Jan. 23,  
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[FROM THE BOSTON DAILY ADVERTISER, JAN. 23, 1873.]

### RESUMPTION AND HONOR.

To the Editors of the Boston Daily Advertiser:—

With the money-lenders of Europe the United States of America stands on the dishonored list, financially dishonored, because unwilling to keep her pledged faith to pay her promises in coin. Her six per cent. bonds payable principal and interest in gold, were selling in London at the latest dates at 90½ to 93½, while the six per cent. bonds of Buenos Ayres were selling at 94 to 96, Argentine at 97 to 99, Cape of Good Hope at 99 to 101, Nova Scotia at 103 to 104, Ceylon at 106 to 108, Canada at 108 to 109, New Brunswick at 108 to 110, New Zealand at 112 to 114, Victoria at 116 to 117, South Australia at 108 to 117, the longest bonds of course bringing the highest price, and yet the Secretary of the Treasury states to a congressional committee that the credit of the United States is A1 in Europe.

On that dishonored list of non-specie paying States we must stand until the national greenback currency is no longer a national lie but a national promise fulfilled on demand, with payment in our own coin, dollar for dollar.

We have suffered and are suffering, not only in our national honor and credit, but to as great an extent in our foreign commerce. A score of Alabamas would not be as destructive as a legal tender currency depreciated to 40, 50 or 60 per cent. below par value. In commercial contests, the calibre of our currency is as important, if we would win the victory, as the calibre of our cannon in naval, and our commerce, which was swept from the seas by a depreciated currency, has improved with every one per cent. increase in the value of that currency since the day when it was worth less than forty cents on the dollar, and as soon as we reach the happy time when a national greenback dollar shall be as "good as gold," we shall see again "the dear old flag floating over a prosperous and increasing mercantile marine, that with equal rights will ask no favors." As a nation, we have suspended payment, and though we have ample means to pay, in time, dollar for dollar, we are not in a condition to obtain in foreign markets new credits or loans, on favorable terms; nor shall we be so until we have resumed specie payments, as this would improve the price of our bonds from one to five per cent.; and every emissary we send abroad at government expense, and every syndicate we form, only injures our credit, for these are significant of corruption and weakness, and are better understood in the bank parlors of Europe than they are at home; and all the scandal of Washington is there a current topic, thoroughly discussed, to our national discredit.

Our credit in Europe has suffered, not only from our condition of suspension, but also from the character of our bonds, their great variety and their shortness. Long bonds are wanted by the real investors, and as we have had none, it may be said with truth that they have scarcely been touched by them, but are only held by the bankers of Europe to borrow call-money upon at a rate of interest much lower than they were earning.

The capitalists of Europe make an investment to stay; they do not want to change, and bonds running thirty or fifty years sell better than 5-20s or 10-40s; and our 4 and 4½ and 5 and 6 per cent., of various lengths, are a puzzle to all who study political economy or the laws of investment. At any given time, if the United States wants to borrow money in Europe, it makes little difference what the rate of interest may read on the bond; if the credit of the United States will borrow money on 30 years bond at 4½ per cent. at par, a 5 per cent. bond 30 years will bring 8.19 premium or a 4 per cent. 30 years bond will bring 91.81, and

it makes no difference at the end of the thirty years which bond is issued, as they all cost and all bring the same amount of money to the United States Treasury; but, when we issue all three at the same time we mystify the political economists and injure the sale of our bonds as well as the reputation of those who propose the variety.

But the strongest argument against a further loan before resumption lies in the fact that our own citizens cannot bid for our own specie bonds on equal terms with foreigners, for the reason that they must lose the difference between the present value of currency and gold value when we resume, and if this should be, say in five years, it would leave them less than three per cent. per annum net interest, and if in less time, then less interest, while the foreigner suffers no such loss—with equal rights the home demand would be very large. At present only those who buy for a foreign market can buy our bonds for investment without certain loss.

Can we safely resume specie payment? We can not safely continue non-resumption. If an irredeemable currency increases imports and decreases exports, bringing the balance of trade and exchanges against us, and annually piles up an increasing indebtedness abroad—if non-redemption stimulates gambling speculations and depresses all our industries and all legitimate business, as is assumed by political economists, then the time to resume specie payments the sooner we shall have our commerce increased, the balance of trade and exchanges in our favor, the gambling rings broken and destroyed, the trade and industry of the country profitably employed and the honor and credit of the nation reestablished.

It is now admitted by the best authorities that a fixed amount of national currency redeemable in coin within the minimum of the average circulation of a country will do all the work of the same amount of metallic currency with safety and with more convenience. If then we establish by law a national currency and the fixed amount of four hundred millions as the sum and limit of that currency from the day of specie resumption, the nation at five per cent. interest reap the benefit of twenty millions per annum saved to the people of the United States, who have certainly the best right to this profit on the circulation, and this alone, without any special taxes for said purpose, will pay off the national debt as fast as there is need to pay it.

With the right given to our national banks to redeem in gold or greenbacks, we can remove all restrictions on our national bank circulation except the deposit of bonds for the same, for with resumption bank bills will have, more or less, according to their own arrangements, only a local circulation, expanding and contracting with the varying wants of their own local necessities, and they can keep in circulation not more than this necessity requires; while the greenback, the direct representative of specie, passing current through the length and breadth of our whole country, redeemable in every place where coin is wanted for duties or for export, more valuable than the local currency for the very reason that it has a national circulation and will redeem at the bank bill, will scarcely vary in the amount in circulation from month to month throughout the year, and will require but a small percentage of coin in the sub-treasuries of the United States to meet all legitimate demands; and stringent laws should be established to prevent any illegitimate demand from gamblers or rings, as stringent as against the pirates of the seas.

With the national currency fixed and established at four hundred millions, with the right given to our national banks to have all the bills for which they will give bonds—and the more bills they ask for the more bonds they must buy—we can with safety and with honor resume specie payments on the first day of July, 1873 and we say July, because the amount of currency required is at the lowest point at that time—fifteen to twenty per cent. less than October, the highest point; and July, 1873, because we would urge the speediest possible redemption of our country from her present dishonorable, demoralizing and unprofitable position.

G. W. W.

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